

§ 802.5

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assets whose direct purchase would be exempt under § 802.2 and does not hold non-exempt assets exceeding \$50 million (as adjusted) in value.

2. “A” proposes to acquire 60 percent of the voting securities of C from “B.” C’s assets consist of a portfolio of mortgages valued at \$55 million and a small manufacturing plant valued at \$26 million. The manufacturing plant is an operating unit for purposes of § 802.1(a). Since the acquisition of the mortgages would be exempt pursuant to Section 7A(c)(2) of the act and since the value of the non-exempt manufacturing plant is less than \$50 million (as adjusted), this acquisition is exempt under § 802.4(a).

3. “A” proposes to acquire from “B” 100 percent of the voting securities of each of three issuers, M, N and O, simultaneously. M’s assets consist of oil reserves worth \$160 million and coal reserves worth \$40 million. N has assets consisting of \$130 million of gas reserves and \$100 million of coal reserves. O’s assets are oil shale reserves worth \$140 million and a coal mine worth \$80 million. Since “A” is simultaneously acquiring the voting securities of three issuers from the same acquired person, it must aggregate the assets of the issuers to determine if any of the limitations in § 802.3 is exceeded. As a result of aggregating the assets of M, N and O, “A’s” holdings of oil and gas reserves are below the \$500 limitation for such assets in § 802.3(a). However, the aggregated holdings exceed the \$200 million limitation for coal reserves in § 802.3(b). “A’s” acquisition therefore is not exempt, and it must report the entire transaction.

[61 FR 13688, Mar. 28, 1996, as amended at 66 FR 8693, Feb. 1, 2001; 70 FR 4994, Jan. 31, 2005; 70 FR 11513, Mar. 8, 2005; 76 FR 42482, July 19, 2011]

§ 802.5 Acquisitions of investment rental property assets.

(a) Acquisitions of investment rental property assets shall be exempt from the requirements of the act.

(b) Investment rental property assets. “Investment rental property assets” means real property that will not be rented to entities included within the acquiring person except for the sole purpose of maintaining, managing or supervising the operation of the real property, and will be held solely for rental or investment purposes. In an acquisition that includes investment rental property assets, the transfer of any property or assets that are not investment rental property assets shall be subject to the requirements of the act and these rules as if they were

being acquired in a separate transaction. Investment rental property assets include:

- (1) Property currently rented,
- (2) Property held for rent but not currently rented,
- (3) Common areas on the property, and
- (4) Assets incidental to the ownership of property, which may include cash, prepaid taxes or insurance, rental receivables and the like.

Example: 1. “X”, a corporation, proposes to purchase a sports/entertainment complex which it will rent to professional sports teams and promoters of special events for concerts, ice shows, sporting events and other entertainment activities. “X” will provide office space in the complex for “Y”, a management company which will maintain and manage the facility for “X.” This acquisition is an exempt acquisition of investment rental property assets since “X” intends to rent the facility to third parties and is providing space within the facility to a management company solely to maintain, manage or supervise the operation of the facility on its behalf. If, however, “X” controls Z, a concert promoter to whom it also intends to rent the complex, the acquisition would not be exempt under § 802.5, since the property would not meet the requirements of § 802.5(b)(1).

2. “X” intends to buy from “Y” a development commonly referred to as an industrial park. The industrial park contains a warehouse/distribution center, a retail tire and automobile parts store, an office building, and a small factory. The industrial park also contains several parcels of vacant land. If “X” intends to acquire this industrial park as investment rental property, the acquisition will be exempt pursuant to § 802.5. If, however, “X” intends to use the factory for its own manufacturing operations, this exemption would be unavailable. The exemptions in § 802.2 for warehouses, rental retail space, office buildings, and undeveloped land may still apply and, if the value of the factory is \$50 million (as adjusted) or less, the entire transaction may be exempted by that section.

[61 FR 13688, Mar. 28, 1996, as amended at 66 FR 8693, Feb. 1, 2001; 70 FR 4994, Jan. 31, 2005]

§ 802.6 Federal agency approval.

(a) For the purposes of section 7A(c)(6) and (c)(8), the term *information and documentary material* includes one copy of all documents, application forms, and all written submissions of